

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

April 24, 2015

Ref. No.: GLS-5237

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

HAWAII

Consent to Assign General Lease No. S-5237, Annie Emmalia Ka Leong, Lessee/Assignor, to Annie E. K. Leong, as Trustee of the Annie E. K. Leong Revocable Living Trust dated March 19, 2014, Assignee, Milolii-Hoopuloa, South Kona, Hawaii, Tax Map Key: (3) 8-9-014:051.

APPLICANT:

Annie Emmalia Ka Leong, Assignor, to the Annie E. K. Leong Revocable Living Trust dated March 19, 2014, Assignee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION AND AREA:

Portion of Government lands of Milolii-Hoopuloa, Lot 14, Phase III, situated at, Milolii-Hoopuloa, South Kona, Hawaii, identified by Tax Map Key: (3) 8-9-014:051, consisting of approximately .2296 acre, as shown on the attached map labeled **Exhibit A**.

AREA:

.2296 acre, or 10,000 s.f., more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:  
YES \_\_\_ NO x

CHARACTER OF USE:

Residential purposes.

TERM OF LEASE:

65-years, commencing on June 1, 1992 and expiring on May 31, 2057. First rental reopening is scheduled for June 1, 2017.

ANNUAL RENTAL:

\$132.00. Payable in advance, in semi-annual installments of \$66.00, on the First Day of June and December of each and every year.

CONSIDERATION:

\$ 10.00.

RECOMMENDED PREMIUM:

Not applicable as the lease does not allow for a premium.

DCCA VERIFICATION:

ASSIGNOR:

Not applicable, assignor is an individual and, as such, is not required to register with DCCA.

ASSIGNEE:

Not applicable, assignee as a Trustee, is not required to register with DCCA.

REMARKS:

Act 62, Session Laws of Hawaii 1982, as amended by Act 83, Session Laws of Hawaii 1984, authorized the Department of Land and Natural Resources to negotiate and enter into long term leases to persons residing in Milolii who were dispossessed or displaced as a result of the 1926 volcanic eruption of Mauna Loa on the Island of Hawaii. Act 362, Session Laws of Hawaii 1987, as amended by Act 68, Session Laws of Hawaii 1989, and Act 86, Session Laws of Hawaii 1991, extended the sunset date to January 1, 1989, providing sufficient time to process Phase III of the Milolii-Hoopuloa Lots.

At its meeting of June 22, 1984, Item H-2, the Board of Land and Natural Resources, approved as amended, CDUA HA-1/12/1984-1653, adopting the designation of the Milolii Village Special subzone and approving the residential subdivision on State lands identified under Act 62, SLH 1982, as amended.

At its meeting of April 26, 1985, the Land Board under Agenda Item F-2, approved the direct awarding of leases to "grandfathered" residences in Milolii-Hoopuloa Houselots, Phase I. The initial disposition awarded twelve leases.

At its meeting of October 24, 1986, Item F-2, the Land Board approved the direct awarding of leases for Milolii-Hoopuloa Houselots, Phase II. This second disposition consisted of twenty-one leases.

At its meeting of July 22, 1988, Item F-3, the Board approved the subject direct lease for residential purposes at Milolii-Hoopuloa Lots, Phase III, Hoopuloa, South Kona, Hawaii.

On February 21, 1992, a drawing of lots was held and June K. Halena was awarded a 65-year residential lease under General Lease No. S-5237, at Milolii-Hoopuloa Houselots, Phase III.

On October 30, 2001, the Housing and Community Development Corporation of Hawaii (HCDCH), Plaintiff, filed a complaint, Civil No. 01-1-0188K (Foreclosure), in the Circuit Court of the Third Circuit, against June K. Halena, et al., as Defendant/Lessee, of General Lease No. S-5237, due to defaults in mortgage payments. Pursuant to the Decree of Foreclosure, Susan M. Kim was appointed Commissioner by the court of the Third Circuit, for the purpose of selling the subject property.

According to an AG opinion, the Milolii leases must be assigned to persons who qualify according to the original Acts' criteria. In order to meet this mandate, a Committee was formed for purposes of screening the applications of persons who had interest in qualifying for the foreclosure sale of the Milolii-Hoopuloa Homestead residential lease. The Committee was comprised of the State Land Abstractor and three Kupunas of the Milolii-Hoopuloa Community. The subject residential lease would be assigned to the highest bidder at the auction, and whom the Committee confirms as an eligible applicant. An auction for the subject Milolii property was held at noon on November 18, 2002, on the grounds of Hale Kahawai Park, Alii Drive, Kailua-Kona, Hawaii. With a high bid of \$11,000.00, Annie K. Leong was the successful bidder of General Lease No. 5237 at the public auction.

On January 29, 2003, the Honorable Judge Ronald Ibarra, under Civil No. 01-1-0188K, in the Circuit Court of the Third Circuit, granted a "Findings of Fact, Conclusions of Law, Order Granting Plaintiff's Motion for Default Judgment and Decree of Foreclosure, against June K. Halena, Defendant/ Lessee, of General Lease No. S-5237. On February 7, 2003, HCDCH's Motion for Confirmation of Sale and Cancellation of Notice of Pendency of Action was filed and recorded in the Bureau as Document No. 2003-027603, confirming the court-approved sale. The Commissioner's Assignment of Lease, dated March 20, 2003, between Susan M. Kim, Commissioner, as Assignor, to Annie Emmalia Ka Leong, as Assignee, and was recorded on April 14, 2003, under Document No. 2003-068486.

By letter dated February 23, 2015, Annie Emmalia Ka Leong requested that General Lease No. S-5237 be assigned to the Annie E. K. Leong Revocable Living Trust, dated March 19, 2014.

Staff reviewed the file and can report that for the past two (2) years, annual rent has been

current. Homeowners insurance is scheduled to expire on October 1, 2015. A bond in the amount of \$264 is deposited with Budget & Finance. The Lessee has never been cited for any illegal or unlawful activity on the State property.

Annie E. K. Leong, as Trustee has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

The first rental reopening is scheduled for 6/1/2017. There is no outstanding rental reopening issues.

No agency comments were solicited as there will be no new disposition or change in land use.

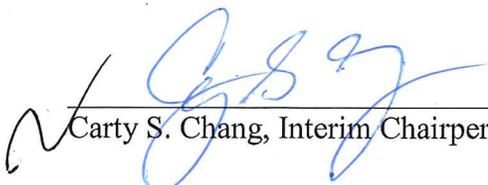
RECOMMENDATION:

- A. That the Board consent to the assignment of General Lease No. S-5237 from Annie Emmalia Ka Leong, Assignor, to the Annie E. K. Leong Revocable Living Trust dated March 19, 2014, as Assignee, subject to the following:
1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
  2. That Annie E. K. Leong, as Trustee of the Annie E. K. Leong Trust submit a basic homeowner's liability insurance for the property as required under the lease, within sixty (60) days of this approval;
  3. Review and approval by the Department of the Attorney General; and
  4. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

  
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Wesley T. Matsunaga  
Land Agent

APPROVED FOR SUBMITTAL:

  
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Carty S. Chang, Interim Chairperson



TMK: (3) 8-9-14:51  
LEONG, Annie



**EXHIBIT A**